

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

Mobile Equity Corp.,

*Plaintiff,*

v.

Walmart Inc.,

*Defendant.*

Civil Action No.: 2:21-CV-00126-JRG-RSP

JURY TRIAL DEMANDED

**MOBILE EQUITY CORP.'S REPLY  
TO DEFENDANT WALMART INC.'S RESPONSE TO PLAINTIFF'S  
MOTION FOR SUMMARY JUDGMENT REGARDING 35 U.S.C. § 287(a)**

## **I. Introduction**

Walmart does not admit a straightforward issue it never challenged in the case. The facts are simple: 1) Walmart has had MEC's source code, countless depositions, and extensive MEC document production, but Walmart never issued the required initial *Arctic Cat* notice to contest that MEC should have marked a product; and 2) MEC has only ever asserted method claims in this case, which, by Fed. Cir. law, do not trigger a duty to mark under § 287(a). In other words, Walmart never gave the required initial notice to put marking at issue in the case, and, even if it had, the law is clear that method claims do not trigger the marking statute. Respectfully, either of these points is dispositive, and Walmart does not contest that this would simplify the case for the jury. Instead of addressing the facts and law, Walmart argues a reality it invents.

## **II. MEC Complied With CV-7(a)(2) for Non-Dispositive Partial MSJs**

MEC filed a concise 3.5-page motion for partial summary judgment on a single non-dispositive issue: "that [MEC] is not barred from recovering pre-suit damages for its asserted claims (as listed above) under 28 U.S.C. § 287(a)." (Mot., p. 4). MEC understood that non-dispositive motions do not require issue statements. *Compare* L.R. CV-7(a)(1) ("Case Dispositive Motions," listing issue requirement) *to* L.R. CV-7(a)(2) ("Non-dispositive Motions," omitting issue requirement). Regardless, there is no prejudice given MEC's statement of facts and the narrow issue. Walmart's *Ocwen* case only addresses L.R. CV-7, which MEC has complied with.

## **III. Walmart Never Provided an *Arctic Cat* Notice to Put Marking at Issue**

As stated in MEC's Motion, "an alleged infringer who challenges the patentee's compliance with § 287 bears an initial burden of production to articulate the products it believes are unmarked 'patented articles' subject to § 287." *Arctic Cat Inc. v. Bombardier Recreational Prod. Inc.*, 876 F.3d 1350, 1369 (Fed. Cir. 2017); (Mot., p. 2). Walmart has never provided this notice, leaving the issue uncontested, and its Response address neither its initial burden or its

failure to carry it and give MEC timely notice. This should be dispositive. MEC relied on Walmart's decision not to provide *Arctic Cat* notice in its case, including in its expert reports.

#### **IV. Walmart Ignores Controlling Federal Circuit Law**

Walmart response ignores the Federal Circuit's 2009 *Crown Packaging* case, which affirmed a summary judgment that there was no need to mark a physical machine for creating cans when only method claims were asserted. 559 F.3d 1308 at 1316-17. Walmart also ignores the CAFC's *Hanson* case that concerned physical snow-making equipment where only method claims were asserted. 718 F.2d at 1082-83. These two cases are dispositive. Walmart only addresses one Federal Circuit case—*Am. Med Sys* (1993). But that case is clear that “the notice provisions of section 287 do not apply where the patent is directed to a process or method.” *Am. Med. Sys. v. Med. Eng'g Corp.*, 6 F.3d 1523, 1538 (Fed. Cir. 1993). “In th[at] case, both apparatus and method claims of the ... patent were asserted and there was a physical device produced by the claimed method that was capable of being marked.” *Id.* at 1539. That is not the case here: only method claims are asserted, there has never been a physical product, there were no licensees or products sold, and there is no contention in this case that MEC had a product that practiced or embodied the claims. (See Dkt No. 226-3). For example, MEC clearly responded to a marking RFA: “DENIED, to the extent MEC is unaware of having a product that required marking.” (Dkt. No. 226-2, p. 18).

#### **V. Walmart Does Not Faithfully Represent the Facts**

##### **A. MEC Has Only Ever Asserted Method Claims**

Walmart falsely tells the Court “MEC has asserted Walmart infringes apparatus claims.” (Resp., pp. 1). MEC's Motion shows that MEC never has. (Mot., pp. 1-2). Walmart does not even address this fact. Instead, Walmart argues that Walmart's own counterclaims, which only Walmart controls, somehow are claims MEC asserted. But the counterclaims are Walmart's not MEC's; they are claims “the pleader has against an opposing party.” FED. R. CIV. P. (“Rule”)

13(a) (emphasis added). Declaratory judgment (“DJ”) counterclaims are separate and independent from the opposing party’s claim; that is their essential purpose. For example, “[a] party seeking a declaratory judgment of invalidity presents a claim independent of the patentee’s charge of infringement.” *Cardinal Chem. Co. v. Morton Int’l*, 508 U.S. 83, 96 (1993). Walmart cites no law supporting its sweeping assertion that counterclaims are the claims of the opposing party.

Walmart hand waves at denials, but a denial may be for various factual or legal reasons. Denying Walmart’s DJ was appropriate given the lack of jurisdiction over the non-asserted claims. (See Dkt. No. 222). It is hornbook law that Rule 8(b), governing responses, only provides notice of a dispute not its details: “a defendant’s pleading should apprise the opponent of those allegations in the complaint that stand admitted and will not be in issue at trial and those that are contested and will require proof to be established to enable the plaintiff to prevail.” 5 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 1261 (3d ed. 2018). “[T]he parties are provided with adequate discovery and pretrial procedures to develop in detail the [issues] the pleadings are not intended to carry that burden.” *Id.*

Walmart’s *Medtronic, Inc. v. Mirowski Fam. Ventures, LLC* case only holds that the burden of persuasion at trial, in a true declaratory judgment action (i.e., not a counterclaim in an existing suit) brought by a licensee, stays with the patentee: “We hold that when a licensee seeks a declaratory judgment against a patentee to establish that there is no infringement, the burden of proving infringement remains with the patentee.” 571 U.S. 191, 194 (2014). Notably, *Medtronic* involved a contract permitting either payment royalties for a claim of infringement or challenge by DJ, and the opinion narrowly addresses this circumstance. *See id.* at 194-95.

*Medtronic*’s narrow holding does not create the substantial sequence of legal holdings Walmart invents, i.e., a defendant’s counterclaim of non-infringement (or the denial of such a

claim) is transmogrified into the plaintiff's assertion of the claim(s).<sup>1</sup> Contrary to Walmart's assertions, Medtronic does not even discuss the parties' complaints or answers, much less hold that Rule 8 is changed in the sweeping way Walmart argues. It just addresses trial burden. Walmart does not accurately discuss the decision. For example, Walmart claims, "the Supreme Court in *Medtronic* explicitly treated a patentee's answer denying a DJ of non-infringement as the equivalent of a complaint asserting infringement." (*Id.* at 5). But the cited portion (p. 196) does not support this assertion, and the opinion does not discuss the "patentee's answer" or the complaints, much less base its decision on the "den[ial] of a DJ." The cited portion (p. 196) only discusses the Federal Circuit's reversed opinion and part of a jurisdictional question, but Walmart repeatedly cites this same page 196 of *Medtronic* for its extreme claims. (*See Resp.*, p. 6).

**B. Walmart Misrepresents MEC's Marking Statements**

Walmart claims "MEC has repeatedly and affirmatively asserted that it had a product to mark." (*Resp.*, p. 7). But Walmart cites to no response, answer, or admission of MEC where MEC ever "affirmatively asserted" that in this case. Walmart just generally cites MEC's interrogatory responses. Walmart's only discovery on marking was two RFAs, and MEC's response directly contradicts Walmart's claim, explaining "MEC is unaware of having a product that required marking." Similarly, Walmart asserts that MEC "relies on the existence of a patent-practicing product to prove its claims." (*Resp.*, pp. 9, 10). This statement is not based in reality or a legal doctrine, and it is flatly contradicted by MEC's responses in this case. MEC has repeatedly stated (in P.R. 3-1 disclosures, rogs., and RFAs) it is not contending it has a product that practices, and MEC is, in no way, using a practicing product to prove a claim against Walmart (it cannot by rule).

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<sup>1</sup> Walmart's suggestion that MEC's answers indicate anything meaningful for unasserted claims does not stand up to basic scrutiny. MEC denied that Walmart did not infringe "any claim" of the asserted patents—MEC pled Walmart infringed claim 1 of each patent (a method claim). MEC also denied Walmart was entitled to a declaratory judgment request from the Court. That is it.

Walmart attempts to conflate the law on willfulness with marking, but they are legally distinct questions: while “willfulness turns on the knowledge of an infringer, § 287 is directed to the conduct of the patentee.” *Arctic Cat Inc. v. Bombardier Rec. Prods.*, 950 F.3d 860, 866 (Fed. Cir. 2020) (“*Arctic Cat II*”). For example, the interrogatory Walmart references only asserts Walmart received marketing materials (or heard about a presentation) that effectively gave notice of MEC’s patents, not that Walmart received or saw a patent-practicing system. Tellingly, for the demo Walmart discusses, Walmart cites to a non-technical witness who explains he was not fully involved “in the technical,” rather than MEC’s technical staff. Even that witness knew MEC had a “demo to be used for presentation purposes,” “not a complete product.” Walmart ignores the record (echoed by other MEC witnesses) that MEC’s demos were not functioning products.

As final example, Walmart misrepresents MEC’s RFA answers. Walmart does not tell the Court that MEC only asserted its marketing documents described products that, if built, might have infringed, but MEC was clear there was no contention any product ever practiced under any name. Walmart did not show the Court the portions of MEC’s RFA answers explaining how MEC’s marketing material discussed “solutions MEC hoped to build for customers using its technology ... that could, if built to a particular customer’s needs and integrated into that customer’s systems ... have practiced at least one method claim ... (depending on the client’s specific system).” (Dkt. No. 226-2, pp. 9-10). This is clearly not saying such systems were built, which MEC’s response also explains, but Walmart chooses to misrepresent MEC’s answer.

## **VI. CONCLUSION**

Instead of addressing the facts and law, Walmart argues an alternate imagined reality. In this case, Walmart never made an *Arctic Cat* disclosure to place any product at issue for marking. Even if Walmart had, the CAFC’s cases, including *Crown Packaging*, hold that, where only method claims are asserted (even if there is a physical product), the marking statute does not apply.

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/s/ Rudolph Fink IV

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**CERTIFICATE OF SERVICE**

The undersigned certifies that the foregoing document and all attachments thereto are being filed electronically in compliance with Local Rule CV-5(a). As such, this document is being served this March 21, 2022 on all counsel of record, each of whom is deemed to have consented to electronic service. L.R. CV-5(a)(3)(A).

/s/ Rudolph Fink IV

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